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## **Contract Farming: States, Capitalists, and Farmers on the Mae Sot, Thailand-Myawaddy Myanmar Border\***

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### **Abstract**

This article examines contract farming in the Mae Sot–Myawaddy border region by analyzing the interdependent roles of the state, capitalists, and farmers within regional economic frameworks such as ACMECS and the ASEAN Integration System of Preferences (AISP). Rather than viewing contract farming solely as a development strategy, the article presents it as a mechanism that reshapes agrarian relations, power structures, and social dynamics in border areas. The study is based on an extensive review of relevant literature and empirical research, drawing from both theoretical analyses and field-based studies. The author critiques overly optimistic portrayals of contract farming, arguing that despite its potential to offer market access and production support, it can also deepen inequality, environmental harm, and economic dependency particularly for smallholders. By classifying contract farming into formal and informal systems, the article emphasizes how its impacts vary according to farmers' socio-economic status. Using the Mae Sot–Myawaddy region as a case study, the article contextualizes broader patterns of transnational agrarian capitalism. It contributes to existing scholarship by calling for fairer governance mechanisms, stronger

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protections for farmers, and a reevaluation of contract farming as both an economic and political process shaping borderland development.

**Keywords:** contract farming, sub-regional cooperation, agriculture, capitalists, border

## Introduction

This article seeks to elucidate contract farming in the Mae Sot–Myawaddy border region, concentrating on the participants engaged in the operational relationships namely the state, capitalists, and farmers. The article emerges from the growing need to interrogate the structural transformations that contract farming induces in transboundary agricultural zones, particularly under the influence of capitalist economic systems and globalization processes. The author argues that while contract farming is widely promoted as a tool for agricultural modernization and regional development, it remains a contested practice, marked by unequal power relations, diverse farmer responses, and environmental concerns. Therefore, the article aims to offer a balanced analysis that not only presents the operational structure of contract farming but also critically assesses its implications, particularly in border regions like Mae Sot–Myawaddy. (Puanpunwong, 2021).

The central proposition of the article is that contract farming, especially in border areas, functions as a mechanism through which state policies, capitalist interests, and agrarian livelihoods converge, often producing uneven outcomes. While it may offer income stability and production security to some farmers, it can also deepen dependence, trigger environmental degradation, and reinforce corporate control over agricultural production. (Pounpunwong, 2018).

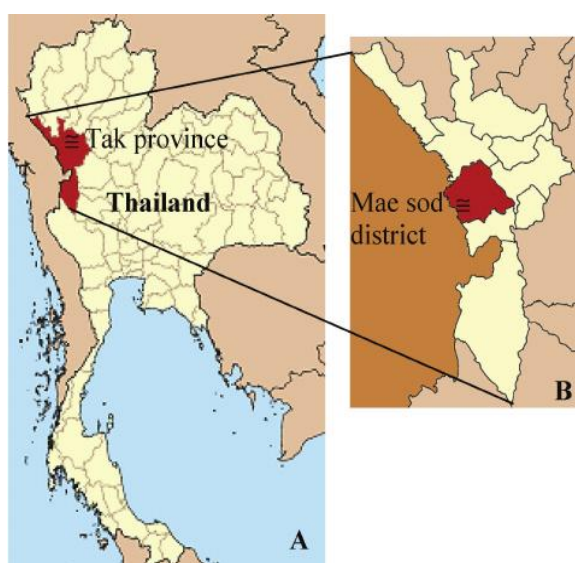


Figure 1 Mae Sot border, Tak Province, Thailand (Phaenark et al, 2009)

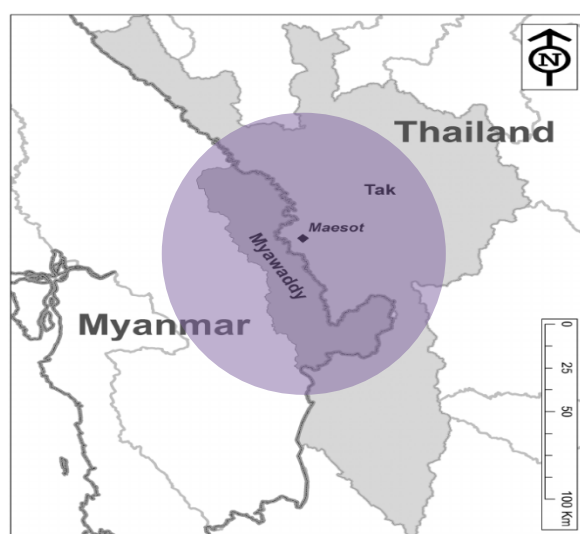


Figure 2 Myawaddy border, Kayin State, Myanmar (Kaji et al, 2015)

Thongpan (1993) provided early insights into the rise of contract farming in the United States, identifying it as a networked business model characterized by formal agreements on quantity, quality, price, and production inputs. This perspective frames contract farming as a collaborative economic model, a notion reinforced by Pounpunwong (2018), who emphasizes that such arrangements reshape traditional agricultural practices through formalized buyer-producer relationships. Wiwatthanadech (2007) further elaborates that contract farming enables firms often owners of processing facilities to manage production indirectly by providing inputs, technical support, and price guarantees, while farmers retain formal ownership of production units. Roth (2002) and Shrimali and Shrimali (2021a) describe contract farming as a form of employer-employee dynamic, where firms dictate production and marketing conditions through binding or verbal contracts.

However, the practice is far from universally accepted by farmers. The responses of farmers vary based on geographic location, scale of production, access to land, and familiarity with the market. Some farmers particularly medium- to large-scale producers with access to resources view contract farming as an opportunity for income stability and market integration (Shrimali & Shrimali, 2021b; Wiboonpoongse et al., 1997). In contrast, many smallholders' express skepticism or rejection of contract farming, citing concerns over exploitative pricing, lack of bargaining power, and dependency on company-provided inputs. Butkhod (2012) points out that environmental scholars and NGOs perceive contract farming as damaging to food systems and ecosystems, citing issues

such as soil degradation, water contamination, and genetic modification. Conversely, organizations involved in contract farming view it as stabilizing and supportive for rural economies (Pinphet, 2012).

The Mae Sot–Myawaddy border area has emerged as a crucial region for international contract farming investment. This area, positioned advantageously along a significant trade route, links Thailand's Tak Province with Myanmar's Kayin State on the East-West Economic Corridor (EWEC). According to Glassman (2010), such zones are not merely logistical conduits but also geoeconomic spaces shaped by state planning and capital investment. This initiative falls within the larger regional integration project under the Ayeyawady-Chao Phraya-Mekong Economic Cooperation Strategy (ACMECS) and benefits from customs privileges through the ASEAN Integration System of Preferences (AISP), targeting support for newer ASEAN member states (Woods, 2013).



**Figure 3** The East-West Economic Corridor (EWEC) (Myanmar Business Today, 2014)



**Figure 4** The area of Mae Sot and Myawaddy

This collaborative model encourages Thai private sector actors to invest in the agricultural development of neighboring countries, particularly Cambodia, Myanmar, and Laos, leveraging resources such as land and labor. As noted by Pounpunwong (2018), the Mae Sot–Myawaddy region serves as a spatially integrated pilot zone that demonstrates how regional policies and geography converge to enable agricultural capital expansion. The roles of the state, capitalists, and farmers in

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this system are distinct yet interdependent. The state promotes investment through policy incentives, infrastructure development, and regulatory frameworks that lower barriers for capital. As Shrimali and Shrimali (2021b) observe, this includes reducing tariffs and expanding large-scale cultivation areas. Private investors focus on maximizing returns by offering contracts that provide inputs like fertilizer and seeds while retaining control over market access and pricing. Farmers, in turn, engage with the system to access capital and markets, but often find themselves in precarious positions, subject to debt and contractual obligations that limit their autonomy (Wiboonpoongse et al., 1997).



Figure 5 The area of Mae Sot and Myawaddy (Pounpunwong, 2015)

In conclusion, the article contends that contract farming in border regions such as Mae Sot–Myawaddy cannot be viewed solely as a development tool. It must also be understood as a socio-political arrangement shaped by power asymmetries, policy agendas, and capitalist imperatives. While contract farming offers potential benefits to some farmers and serves national economic goals, its implementation raises significant questions about equity, sustainability, and farmer agency. The author thus advocates for a critical reappraisal of contract farming policies, one that accounts for farmer heterogeneity, prioritizes environmental integrity, and ensures just governance within transboundary agricultural systems.



## Contract farming: The varied interpretations within the collaborative dynamics between capitalists and farmers

The author seeks to emphasize the multiple interpretations of "contract farming" by exploring its fundamental meanings and diverse operational approaches. This topic has attracted scholarly attention because contract farming is a dynamic and evolving practice that increasingly extends beyond the purview of individual states. Particularly in border regions, contract farming has become a focal point of international investment, revealing the shifting power dynamics embedded within the capitalist economic system.

The primary participants influencing the dynamics of contract farming are capitalists and farmers. The relationship between these groups, especially in collaborative contexts, has been analyzed from multiple perspectives, highlighting various issues surrounding contract farming (Meemken & Bellemare, 2020). The meaning and presentation of the contract farming process vary based on the socio-economic and political context.

Previous studies show that the principal actors involved typically include governments, investors, and agricultural producers. As Roth (2002) indicates, contract farming highlights the asymmetrical power dynamics between capitalists and farmers, often leading to imbalances in the distribution of benefits. Contract farming is characterized as an agricultural production system based on pre-established agreements that outline the conditions for production, including product quality, quantity, price, and scheduling (Liang et al., 2023). Eaton and Shepherd (2001) further explain that such agreements usually involve buyers providing a specified level of support, such as production inputs and technical advice.

Building on these understandings, two distinct approaches to contract farming emerge: formal contract farming and informal contract farming.

Formal contract farming is characterized by structured, institutionalized agreements typically involving large agribusiness corporations or multinational firms. These contracts are detailed, legally binding, and include precise clauses regarding inputs, outputs, quality standards, pricing mechanisms, and delivery schedules. Substantial investments and risk-sharing mechanisms are formalized, ensuring clear legal obligations for both parties. (Eaton & Shepherd, 2001; Liang et al., 2023)

In contrast, informal contract farming operates through less rigid and often unwritten agreements. It is typically practiced among small-scale operators and local traders, relying heavily on

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trust-based relationships and personal networks rather than formalized, enforceable contracts. In such cases, agreements are often verbal, flexible, and adaptive, offering a degree of autonomy but simultaneously exposing farmers to heightened risks of exploitation and disputes due to the absence of formal legal protection (Eaton & Shepherd, 2001; Bijman, 2008).

The author asserts that the key difference between formal and informal contract farming lies in the degree of institutionalization and risk allocation. Formal systems provide clearer terms, enforceable obligations, and standardized processes, which may benefit farmers through structured support but also reinforce corporate dominance. Informal systems offer relational flexibility but expose farmers to uncertainties and unequal power dynamics without formal recourse. Despite these differences, both forms commonly involve the monopolization of production inputs fertilizers, seeds, capital and output markets by contracting companies.

Moreover, Ouyyanont and Wanaset (n.d.) emphasize that state involvement in contract farming can exacerbate inequalities, facilitating conditions that favor capital over farmers. Research by Setthabut and Na Lampang (2008) within the ACMECS framework reveals that personal relationships and trust often underpin informal contracting systems, especially in cross-border economic zones like Tak Province. Jittaladakorn et al. (2008) and Otsuka, Nakano, and Takahashi (2016) categorize contract farming into five models: centralized, nucleus estate, multipartite, intermediary, and informal, each employing different operational methods contingent on geographic factors, market demand, and farmer readiness.

Consequently, contract farming as a phenomenon is multifaceted, shaped by contextual variables and interpreted differently depending on ideological and operational standpoints. As Bellemare and Novak (2017) argue, contract farming facilitates the transition of traditional agricultural systems into regulated frameworks aligned with capitalist market dynamics, systematically linking farmers to entrepreneurs and integrating them into global supply chains.

The author's critical observation, supported by Minot and Sawyer (2016), suggests that much of the prior literature has predominantly focused on theoretical and conceptual elaboration, often overlooking empirical realities and lived experiences of contract farmers. This gap limits a comprehensive understanding of the true impacts of contract farming on different stakeholders.

Importantly, while the article outlines the dynamic relationship between capitalists and farmers, the role of capitalists remains underdeveloped and abstract. To strengthen this point, it is

crucial to identify who these capitalists are and how they have actively promoted contract farming in border regions such as Mae Sot–Myawaddy. Since the 1980s, contract farming has evolved into a central strategy for agribusiness conglomerates, facilitated by state policies that support industrial development through cheap agricultural inputs, food for urban labor, and the expansion of value-added agro-industrial production (White, 1997). This process coincided with a transformation in the forces and relations of production among major capitalist groups, reflecting a broader shift to a new accumulation regime (Akira, 1996). In the Mae Sot–Myawaddy border region, contract farming is promoted by Thai agribusiness investors in conjunction with the Thai government, taking advantage of economic policies under regional frameworks such as ACMECS and customs privileges through AISP (Pounpunwong, 2018; Glassman, 2010; Woods, 2013). These actors exploit favorable land and labor conditions across the border to expand agricultural production with minimal overhead, revealing a transnational logic of capital accumulation and border exploitation.

In summary, the varied interpretations of contract farming reveal that the relationship between the state, capitalists, and farmers is central to its meaning. Whether formal or informal, the arrangements often entail an interdependence that simultaneously provides opportunities for income generation while imposing risks and perpetuating cycles of debt (Gole & Sharma, 2019). The interdependence between these two parties often results in agreements that encompass binding contracts, exploitation, and extortion, with farmers frequently shouldering the associated risks. To elaborate this further, Marks et al. (2024) highlight several exploitative characteristics commonly embedded in contractual relationships, including asymmetrical risk allocation, coercive pricing structures, limitations on input choices, and penalty clauses for non-compliance. These mechanisms frequently operate in favor of the contractor while placing financial and operational burdens on smallholder farmers. In the border context, where state regulation may be weaker, such exploitation may be even more pronounced and institutionalized.

Crucially, the analysis of contract farming must not lose sight of the specific regional setting in which it unfolds. Although the article provides a robust review of relevant literature, the Mae Sot–Myawaddy border region tends to fade into the background. This is problematic because the regional context is vital to understanding how contract farming operates in practice. The Mae Sot–Myawaddy area is a critical site for transnational contract farming initiatives promoted under Thailand's regional economic strategy. Drawing on the reviewed literature, it is possible to hypothesize that contract farming in this area is driven by Thai agri-capital expansion, leveraging Myanmar's land and labor



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while circumventing domestic regulations. Key concerns in this context include the role of informal agreements that lack legal protection for farmers, the use of land without secure tenure, the cross-border movement of unregulated labor, and the environmental consequences of intensive monoculture practices. These issues demand empirical attention. In the absence of field data, a theoretical projection of how capital and the state interact to restructure agrarian relations at this border can still be made. This projection points toward a model of accumulation that reinforces spatial inequalities and labor precarity in service of export-oriented production (Wongsatjachock & Sattayavinit, 2020).

### **The Role of the State: Analyzing the Relationship between Contract Farming and Border Areas**

At present, the significance of border areas has transformed, moving beyond the perception of being merely remote and underdeveloped regions. Recent research on borders seeks to comprehend border regions as significant economic zones within the state. (Luangaramsri, 2011) These areas facilitate the capitalist market system through production, trade, transportation, and the movement of goods and labor. This has resulted in the pursuit of collaboration among different levels of government to establish economic networks. (Yeung, 1998) The author highlights in earlier research on contract farming that, despite criticisms labeling it as an inequitable agricultural practice that imposes difficulties on farmers (Panichkul & Tassanakunpan, 2012), contract farming has managed to develop and proliferate, particularly in border regions.

The literature review on the relationship between contract farming and border areas reveals a diversity in the issues examined. The research conducted by Manorom, et al. (2011) analyzed the northeastern border and its neighboring countries, emphasizing academic findings and policy implications in the context of Cambodia's perspective on Thailand, stateless individuals, and sister cities. The research indicated that there has been an increase in contract farming in border areas of the northeastern region. The initiative stems from the implementation of the ACMECS cooperation framework aimed at fostering trade collaboration through the twin cities concept. This approach seeks to enhance opportunities and develop the potential of border trade, establish partnerships between Thai and Lao PDR entrepreneurs, mitigate issues related to illegal immigration, and reduce expenditures associated with managing illegal immigrants. The focus remains on border trade, which

is driven by production capacity and product demand. Facilitating investment in agriculture is a primary objective, encouraging Thai investors to participate in contract farming along the Thai-Lao border.

A study has been conducted on contract farming in the border areas of Thailand and the Republic of the Union of Myanmar, highlighting the growth of contract farming in these regions. Rungkawat, et al. (2008) conducted a study on the impacts of the contract farming project in Tak Province, which is part of the Irrawaddy-Chao Phraya-Mekong Economic Cooperation Strategy, as well as the application of multimedia to enhance knowledge among entrepreneurs. The findings of the study encompass the characteristics of contract farming operations. This is consistent with the research conducted by Manorom, et al. (2011), which indicates that the growth of contract farming depends on collaboration among states to establish a presence in border regions, in line with various agreements pertaining to the market system and inter-state benefit exchanges

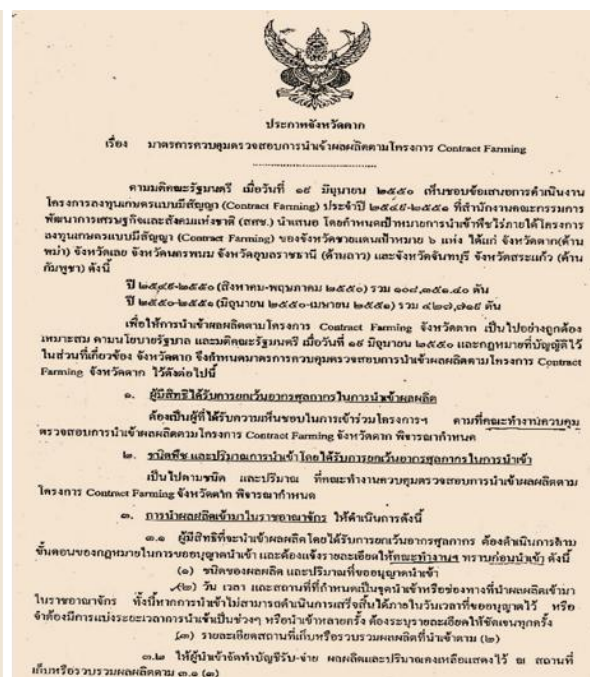
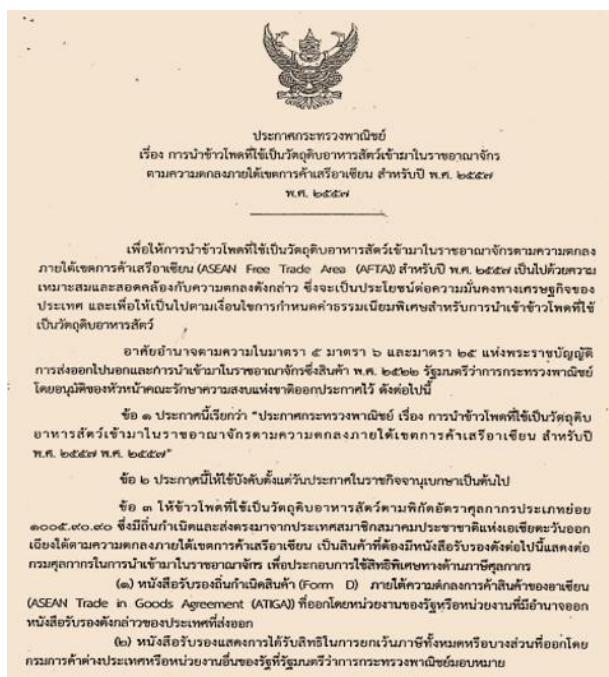


Figure 6 Example documents related to contract farming in ACMECS

Nevertheless, the previously mentioned research examples serve as illustrations of studies undertaken by the researchers to explore the interconnectedness between border areas and contract farming. The author asserts that a key factor driving the growth of contract farming in border regions is the transformation of these areas into economic zones. One of the development projects focuses on agricultural cooperation as a primary objective, aiming to source resources from neighboring countries to lower production costs. Research has been conducted that provides insights into the development of capitalism through contract farming in border regions. For instance, the research conducted by Chiengthong (2011) titled "Development in the Economic Quadrangle: From Marxism to Neoliberalism and the Construction of Modern Lao Rural Areas" and the study by Luangaramsri (2011) titled "Border Capitalism, Rubber Plantation Agricultural Settlements, and the Collapse of Agricultural Society in Southern Laos"

The state has assumed responsibility for the development of the Mae Sot-Myawaddy area to facilitate the growth of contract farming. This framework relies on collaboration among sub-regions to convert agricultural products into cross-border goods through contract farming agreements. Within the framework of the Ayeyawady - Chao Phraya - Mekong Economic Cooperation Strategy (ACMECS) (Pounpunwong, 2018), a significant aspect is the border regions, which exhibit potential and

preparedness from neighboring countries, as well as the readiness of investors in both central and border areas identified as targets. The target crops are categorized into economic field crops, including soybeans, peanuts, sweet corn, potatoes, and cashews, as well as energy crops such as palm oil, cassava, and sugarcane. (Faculty of Agriculture, Chiang Mai University, 2007) The production model of the contract farming system involves investors establishing the investment plan, which includes specifying crop areas and target groups. This model encompasses the entire process from production to market integration, along with a commitment to provide comprehensive support, including seeds, capital, and production technology. The contract farming model is delineated between Thailand and its neighboring countries, such as the Tak-Myawaddy border area (Thailand-Myanmar), Chanthaburi- Battambang (Thailand-Cambodia), and Loei-Sainyabuli (Thailand-Laos), among others. (Setthabut & Na Lampang, 2008)

The Ayeyawady - Chao Phraya - Mekong Economic Cooperation Strategy (ACMECS) plays a crucial role in the sub-regional economic development project associated with the contracted agriculture investment scheme. The Mae Sot-Myawaddy area is recognized for its potential as a border economic zone, particularly for investment in contract farming (Faculty of Agriculture, Chiang Mai University, 2007). Additionally, Mae Sot District functions as a significant link with neighboring countries, notably Myanmar, particularly the border area near Myawaddy. Consequently, Tak Province has emerged as a significant trade gateway for the nation. Furthermore, Mae Sot District features several entry and exit points, utilizing the Moei River as a boundary and for the transportation of goods. Additionally, the importance of Mae Sot District is recognized as a border economic zone that has undergone continuous development over time. Buadang (2012) noted that Mae Sot District and its surrounding areas in Tak Province have traditionally served as trade hubs along the border, resulting in the establishment of diverse ethnic and religious communities. The significance of Mae Sot as an economic center in the border region is on the rise. Thailand has a limited number of official international border checkpoints, yet the annual value of cross-border trade reaches tens of billions of baht. Furthermore, this region has been recognized as a special economic zone since 2004, with an emphasis on fostering investment. This initiative has led to a swift rise in the number of factories and has drawn over two hundred thousand migrant workers from Myanmar, who are engaged in sectors such as manufacturing, agriculture, and general services.

Overview, Concerning the state's role in the context of contract farming and border areas, it is evident that contract farming extends beyond the interaction between capitalists and farmers. The

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state's initiative to promote and establish power for contract farming is essential in generating investment opportunities, particularly through the framework of sub-regional cooperation. Contract farming has evolved into a mechanism for the state to establish assurances of reciprocal advantages through collaboration among states by implementing laws and regulations governing project involvement and product importation. State agencies are responsible for overseeing, evaluating, and managing these activities in a thorough and authoritative manner. Consequently, contract farming in the Mae Sot-Myawaddy region is not simply a theoretical investment by capitalists or a source of employment for farmers without taking into account the profits generated. These activities are closely regulated by state authority, which enforces compliance through stringent regulations. The author concludes that the state continues to play a crucial role in facilitating contract farming activities in the Mae Sot-Myawaddy border area.

### **Contract farming and the transformations within the farming community in border regions**

The author seeks to emphasize that the issue of contract farming in border areas leads to significant transformations within the agricultural community, particularly in terms of land use patterns, labor relations, and economic dependency. The spread of contract farming often restructures traditional farming practices, shifts local control over production toward external investors, and redefines the socioeconomic roles of farmers, who increasingly operate within market-driven systems governed by corporate contracts rather than community-based subsistence models. Previous studies on contract farming have not only focused on elucidating the mechanisms of capital within the capitalist framework of contract farming but have also explored the changes and impacts experienced by farmers engaged in this practice. This article presents a review of literature focused on the social changes experienced by farmers as a result of contract farming, highlighting various studies that elucidate these transformations. The research conducted by Ariyasunthon (2012) on contract farming and the social and economic adaptation of farmers and communities, specifically in the context of broiler chicken farming in Thaytalad Subdistrict, Mueang District, Lopburi Province, reveals that the motivations for participating in contract farming are multifaceted and necessitate considerable time and focus. Consequently, farmers lack the opportunity to engage in community social activities. Participation in community activities may limit their availability to manage contract farming effectively.



To sustain relationships with individuals in the community, farmers are required to modify their schedules or lessen their leisure time.

The research discussed is consistent with Siripon (2013) study on "rubber plantations" and the impact on the lifestyle of local communities in the upper northern region. The introduction of contract farming through rubber plantations has resulted in social changes among farmers, including modifications in housing patterns and adjustments in their work schedules to accommodate rubber plantation activities. Furthermore, the researcher identified studies on contract farming that demonstrate its substantial impact on fostering social changes among farmers. This process starts with enhancing the economic conditions of households, subsequently influencing farmers' perspectives and lifestyles within society, in accordance with the principles of a capitalist system that evolves from traditional ways of living. (Nawakitbumrung, 2013) The study conducted by Setboonsamg (2008), titled "Global Partnership in Poverty Reduction: Contract Farming and Regional Cooperation," reveals that contract farming has a substantial impact on the living conditions of farmers. The collaborative aspect of contract farming enhances agricultural productivity for disadvantaged farmers by facilitating knowledge transfer through the provision of production inputs, transportation, service expansion, and, crucially, access to markets. Setboonsamg (2008) noted that the outcomes of international collaboration in contract farming contribute to a decrease in the poverty rate among farmers by fostering contract farming, which facilitates income distribution. The study conducted by Kanokwan Manorom and colleagues on Cross-Border Contract Farming Arrangement: Variations and Implications in the Lao People's Democratic Republic highlights the evolving social dynamics of farmers involved in contract farming (Manorom, Hall, Katima, Lu, Medialdia, Siharath, and Srisuphan, 2011) This is consistent with the perspective of Setboonsamg (2008), who advocates for contract farming, asserting that international contract farming is advantageous for small-scale farmers and should be encouraged due to its role in income distribution.

Upon reviewing the author's previous research, it becomes evident that multiple studies indicate the characteristics of contract farming yield not only positive impacts but also negative effects on farmers. For instance, Panichkul & Tassanakunpan (2012) examined the agricultural crisis within the framework of secure land tenure, asserting that agricultural production necessitates a range of production factors as a fundamental basis for production. It is essential that these production factors remain accessible to farmers, regardless of issues such as land availability, access to seeds, seedlings, food, or the prohibitive costs of fertilizers. Consequently, it is essential to reform the land



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tenure system to safeguard and advance the rights of farmers. Chiengthong (2011) examined the evolution of the economic quadrangle, tracing the transition from Marxism to neoliberalism, as well as the development of rural Laos in the contemporary context. This research report reveals the substantial growth of trade and contract farming systems in northern Laos, driven by the implementation of a liberal market policy in the region. This development has brought about significant transformations in the rural structure of Laos, leading to critical challenges such as labor migration

The research conducted by Luangaramsri (2011) on border capitalism, rubber plantation agriculture, and the decline of agricultural society in southern Laos reveals a significant transformation in the farmers' way of life, which has been supplanted by a complex commercial agricultural system imposing binding conditions on the farmers. Baker (2011) conducted a study on the topic "Lesson for the Potential Use of Contract Farming with Small Land Holding Farmers in Myanmar," focusing on contract farming practices involving small landholding farmers in the Republic of the Union of Myanmar. The research indicates that farmers face the risk of exploitation by corporations, resulting in debt accumulation and the potential loss of their agricultural land.

Summary; Regarding contract farming and the transformations occurring within the farming community in border regions. The author seeks to emphasize the context of the transformations within the farming community resulting from contract farming in border regions. The research comprehensively outlines both the beneficial and adverse effects. In the author's perspective, these two outcomes are interdependent. The implementation of contract farming in border areas designated as economic zones leads to the emergence of both beneficial and detrimental effects occurring concurrently. The extent to which the structure among the state, capitalists, and farmers can leverage advantages or benefits in contract farming activities is a determining factor.

## **Conclusion**

The author conducts an analysis of contract farming by exploring the interconnected roles of the state, capitalists, and farmers across three distinct dimensions. The interactions among these stakeholders demonstrate the establishment of contract farming in border areas through sub-regional cooperation frameworks, where interests and power dynamics are fundamentally influenced by structural inequalities. This dynamic results in intricate challenges related to social transformations within farming communities, as authority and control are redefined through contract farming activities.

An examination of the structural interactions between the state, capitalists, and farmers indicates that the advancement of border regions via contract farming is often defended by assertions that it offers farmers income-generating opportunities and fosters trade and investment for export-oriented production, thus aiding national development within border cooperation frameworks. Nonetheless, the implementation of contract farming presents challenges, as it is linked to concealed interests and imbalanced power dynamics among the participating parties. The state is instrumental in providing investors with access to borderlands, which allows capitalists to create wealth by utilizing local land, resources, and labor through contract farming systems. This article seeks to provide a thorough and impartial analysis of contract farming. The author recognizes the model's potential to enhance agricultural development but underscores the importance of critically addressing the inherent challenges, especially in contexts where dominant agribusiness firms shape the contractual environment.

In Thailand, the association of contract farming with large corporations frequently results in considerable adverse outcomes. The concerns encompass the exploitation of farmers via unfair contract terms, the monopolization of essential production inputs like seeds, fertilizers, and capital, as well as the gradual diminishment of farmers' bargaining power. Farmers often find themselves ensnared in cycles of debt, contend with fluctuating incomes influenced by prices set by contracting firms, and encounter reduced autonomy regarding production decisions. In light of these considerations, the author contends that a thorough analysis of contract farming should meticulously explore the interrelated functions of the state, capitalists, and farmers. Government intervention is crucial for creating regulatory frameworks that safeguard farmers' rights, guarantee fair contract terms, and enhance transparency in contractual processes. Furthermore, empowering farmers through cooperatives, improving education on contractual literacy, and ensuring access to independent advisory mechanisms can alleviate the negative effects of corporate-dominated contract farming and promote a more equitable agricultural economy.

This article aims to deliver a comprehensive analysis of the risks and opportunities linked to contract farming. The statement underscores the critical necessity for structural safeguards and policy interventions to promote fairness and sustainability, steering clear of both excessive negative demonization and unwarranted optimistic romanticization of the contract farming model.

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